Federal Court of Appeal | Cour d'appel fédérale

Date: 20250910

Docket: A-95-24

Citation: 2025 FCA 161

CORAM: **STRATAS J.A.**
LOCKE J.A.
MACTAVISH J.A.

BETWEEN:

CENTRIC BRANDS HOLDING LLC

Appellant

and

STIKEMAN ELLIOTT LLP

Respondent

Heard at Toronto, Ontario, on January 15, 2025.

Judgment delivered at Ottawa, Ontario, on September 10, 2025.

REASONS FOR JUDGMENT BY: LOCKE J.A.

CONCURRED IN BY: STRATAS J.A.
MACTAVISH J.A.

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REASONS FOR JUDGMENT

LOCKE J.A.

I. Overview

[1] Centric Brands Holding LLC (Centric) appeals a decision of the Federal Court (2024 FC 204, *per* Justice Richard F. Southcott, the Federal Court's Decision) that dismissed its appeal of a decision of the Trademarks Opposition Board on behalf of the Registrar of

Trademarks (the Registrar). The decision of the Registrar (2022 TMOB 168, the Registrar's Decision) expunged Centric's trademark registration no. TMA 423,520 for the trademark AVIREX (the Mark) pursuant to section 45 of the *Trademarks Act*, R.S.C. 1985, c. T-13 (the Act).

[2] For the reasons that follow, I would allow Centric's appeal, set aside the Federal Court's Decision and make the decision the Federal Court should have made. I would allow Centric's appeal of the Registrar's Decision and set aside the expungement of the Mark's registration.

II. The Registrar's Decision

[3] The Registrar's Decision came after a request by the respondent, Stikeman Elliott LLP (Stikeman), that the Registrar give the then registered owner of the Mark notice under section 45 of the Act (the Notice) requiring it to furnish evidence demonstrating either (i) use of the Mark in Canada during the three-year period immediately before the notice with respect to each of the goods specified in the registration, or alternatively (ii) the date when the Mark was last used in Canada and the reason(s) for the absence of use since then. The Registrar issued the Notice on October 12, 2018.

[4] Centric responded with an affidavit indicating that it had acquired the Mark shortly after the date of the Notice, on October 29, 2018, and it was unable to provide invoices evidencing use of the Mark before the date of acquisition. The affidavit added that it had been its intention since acquisition to use the Mark, and that it had since done so. Centric argued that the ownership of

the Mark had in fact been transferred prior to the date of the Notice by means of a Purchase and Sale Agreement dated June 27, 2018 between an affiliate of Centric and the previous owner of the Mark (the Agreement).

[5] After considering written submissions from Stikeman and from Centric, the Registrar concluded that the evidence was insufficient to demonstrate use of the Mark as contemplated in the Notice. The Registrar also concluded that the evidence was not sufficient to demonstrate that special circumstances existed to excuse non-use as contemplated in subsection 45(3) of the Act.

III. The Federal Court's Decision

[6] On appeal of the Registrar's Decision to the Federal Court pursuant to section 56 of the Act, Centric accepted that the evidence did not demonstrate use of the Mark as contemplated in subsection 45(3) of the Act and relied instead on an argument that special circumstances existed to excuse the non-use. Centric introduced new evidence, as it was entitled to do. The new evidence provided more details concerning the transaction that led to Centric's acquisition of the Mark (the Transaction). The new evidence also described efforts by the previous owner prior to the acquisition, and by Centric thereafter, to use the Mark, and specifically listed the last date of use in Canada known by the previous owner as June 17, 2011 (see paragraphs 31 and 32 of the affidavit of Mia Dell'Osso-Caputo dated August 24, 2023).

[7] Pursuant to existing jurisprudence, the Federal Court applied a correctness standard of review to the appeal based on the materiality of the new evidence. The parties do not take issue with this approach.

[8] The Federal Court summarized the general principles applicable to section 45 of the Act, and the special circumstances exception to avoid expungement of a trademark registration for non-use. The Federal Court noted that section 45 was created as a summary procedure for the purpose of removing "deadwood" from the trademarks register. The Federal Court also noted the text of subsection 45(3), which contemplates expungement as a possible consequence of failing to demonstrate use of a trademark in the three years prior to issuance of a notice (the relevant period), and the availability of the special circumstances exception:

Effect of non-use	**Effet du non-usage**
45(3) Where, by reason of the evidence furnished to the Registrar or the failure to furnish any evidence, it appears to the Registrar that a trademark, either with respect to all of the goods or services specified in the registration or with respect to any of those goods or services, was not used in Canada at any time during the three year period immediately preceding the date of the notice and that the absence of use has not been due to special circumstances that excuse the absence of use, the registration of the trademark is liable to be expunged or amended accordingly.	**45(3)** Lorsqu'il apparaît au registraire, en raison de la preuve qui lui est fournie ou du défaut de fournir une telle preuve, que la marque de commerce, soit à l'égard de la totalité des produits ou services spécifiés dans l'enregistrement, soit à l'égard de l'un de ces produits ou de l'un de ces services, n'a été employée au Canada à aucun moment au cours des trois ans précédant la date de l'avis et que le défaut d'emploi n'a pas été attribuable à des circonstances spéciales qui le justifient, l'enregistrement de cette marque de commerce est susceptible de radiation ou de modification en conséquence.

[9] Citing *Scott Paper Limited v. Smart & Biggar*, 2008 FCA 129, [2008] F.C.J. No. 539 (*Scott Paper*), and *Canada (Registrar of Trade Marks) v. Harris Knitting Mills Ltd.*, 1985 CanLII 6342, 4 C.P.R. (3d) 488 (F.C.A.) (*Harris Knitting*), the Federal Court noted the following principles surrounding special circumstances:

A. The general rule is that absence of use of a trademark by the owner during the relevant period will be penalized by expungement, and the exception will apply only if the special circumstances are the reason for the non-use of the trademark (*Scott Paper* at paras. 21-22, *Harris Knitting* at para. 10);

B. Special circumstances are circumstances not found in most cases of absence of use of a trademark (*Scott Paper* at para. 22, *Harris Knitting* at para. 10); and

C. Factors to consider in determining whether special circumstances exist that excuse non-use include (i) the length of time during which the trademark has not been in use, (ii) whether the non-use was due to circumstances beyond the registered owner's control, and (iii) whether there was an intention to resume use of the mark in the near term (*Harris Knitting* at para. 11).

[10] The Federal Court then described a line of jurisprudence involving section 45 proceedings with circumstances where there had been a change of ownership of the trademark around the time of issuance of the notice from the Registrar (New Owner Jurisprudence). The Federal Court noted that, where there has been a recent assignment of a trademark, the period of

non-use for the purposes of determining special circumstances will generally be considered starting from the date the trademark was assigned: *Fairweather Ltd. v. Registrar of Trade-Marks,* 2006 FC 1248, [2006] F.C.J. No. 1573 at para. 12 (*Fairweather FC*), citing *Arrowhead Spring Water Ltd. v. Arrowhead Water Corp.*, 1993 CanLII 17513, 47 C.P.R. (3d) 217 (F.C.T.D.) (*Arrowhead*). The justification for this approach, as described by the Federal Court citing *Life Maid Right – 2799232 Ontario Inc. and Maid Right, LLC,* 2022 TMOB 104 *(Maid Right)* at paras. 26 and 33, is that a new owner of a mark will likely need some time to make arrangements for use of the newly acquired mark and that it is an overly technical approach to require a new owner to justify an absence of use of the mark by its predecessor.

[11] The Federal Court observed that most of the jurisprudence in support of the possibility of special circumstances to excuse non-use of a trademark where ownership has changed (the New Owner Jurisprudence) involved changes in ownership during the relevant period (that is to say, prior to issuance of the section 45 notice). It cited one case that involved a change of ownership that post-dated the relevant period (*Marcus v. Quaker Oats Co. of Canada* (1990), 1990 CanLII 13712, 33 C.P.R. (3d) 53 (T.M.O.B.) (*Marcus TMOB*), on remand following *Marcus v. Quaker Oats Co. of Canada*, 1988 CanLII 10298, 20 C.P.R. (3d) 46 (F.C.A.) (*Marcus FCA*). However, the Federal Court went on to distinguish the particular facts of that case from the present case. Of note, this Court in *Marcus FCA* at page 50 noted that transactions post-dating the issuance of a section 45 notice might properly be viewed with some skepticism.

[12] The Federal Court preferred the decision of the Trademarks Opposition Board in *Citadelle, Coopérative de Producteurs de Sirop d'Érable / Citadelle, Maple Syrup Producers'*

Cooperative v RAVINTORAISIO OY, 2018 TMOB 55 (*Citadelle*), in which the trademark in question was assigned after a section 45 notice. This was found to be insufficient to establish special circumstances to prevent expungement since "special circumstances alleged to excuse non-use must apply to the relevant period": *Citadelle* at para. 41.

[13] In its analysis of the issue of the ownership change, the Federal Court accepted that Centric's acquisition of the Mark was made in good faith pursuant to the Agreement entered into during the relevant period, and that the Transaction was not subject to the skepticism mentioned in *Marcus FCA*. However, the Federal Court decided that Centric had not demonstrated special circumstances because the actual change in ownership of the Mark (the closing of the Transaction) had occurred only after the relevant period (after issuance of the Notice).

[14] The Federal Court found that this result, based on a short delay between the issuance of the Notice and the closing of the Transaction, was not unduly harsh or technical. The Federal Court distinguished the bulk of the New Owner Jurisprudence on the basis that Centric was fully aware of the Notice before the Transaction closed and could therefore have negotiated terms to address it.

[15] The Federal Court concluded that the relevant period to be considered with regard to the Notice would not begin with Centric's acquisition of the Mark and would instead include the time during which the previous owner of the Mark had title. The Federal Court considered Centric's evidence concerning non-use by the previous owner but found that it did not amount to special circumstances as contemplated in subsection 45(3) of the Act.

IV. Issue and Standard of Review

[16] Stikeman does not take issue with the Federal Court's conclusion that the new evidence Centric submitted to it was material, and that a correctness standard of review therefore applied to the Federal Court's review of the Registrar's Decision.

[17] The issue in dispute is whether the Federal Court erred in finding that the evidence, including the new evidence, was insufficient to demonstrate special circumstances to excuse non-use of the Mark pursuant to subsection 45(3) of the Act.

[18] This issue is to be reviewed on an appellate standard of review: *Clorox Company of Canada, Ltd. v. Chloretec S.E.C.*, 2020 FCA 76, [2020] F.C.J. No. 508 at paras. 18-23. Questions of law are to be reviewed on a standard of correctness, whereas findings of fact and questions of mixed fact and law, from which no question of law is extricable, are not reversed absent a palpable and overriding error: *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235.

V. Analysis

[19] In my view, this appeal can be decided on the basis of the following two points of law:

A. Whether the New Owner Jurisprudence is valid as a means for establishing special circumstances to avoid expungement of a trademark pursuant to subsection 45(3) of the Act; and

B. If so, whether the signing of an agreement to purchase a trademark is sufficient to invoke the New Owner Jurisprudence, even where the transaction contemplated in the agreement has not closed by the date of the notice pursuant to subsection 45(1).

[20] It is not necessary to take issue with any of the Federal Court's factual findings. As explained below, I consider that the Federal Court erred in law in refusing to apply the New Owner Jurisprudence to the present case on the basis that, at the date of issuance of the Notice, Centric had not yet closed the Transaction.

A. *Legal Principles*

[21] The principal aspects of the legal principles surrounding section 45 of the Act, and subsection 45(3) in particular, were described in the Federal Court's Decision, and summarized in paragraphs 8 and 9 above.

[22] The parties do not dispute these principles except as follows. Stikeman notes that this Court in *Scott Paper* effectively removed the consideration of intention to resume use of the mark saying at paragraph 28 thereof:

> … [A] registrant's intention to resume use of a mark which has been absent from the marketplace, even when steps have been taken to actualize those plans, cannot amount to special circumstances which excuse the non-use of the trade-mark. The plans for future use do not explain the period of non-use and therefore, cannot amount to special circumstances…

[23] In my view, nothing in this case turns on this nuance.

[24] To these principles, I wish to add the following.

[25] There is no room for a dog-in-the-manger attitude on the part of registered owners who may wish to hold on to a registration notwithstanding that the trade mark is no longer in use at all or not in use with respect to some of the wares in respect of which the mark is registered: *Plough (Canada) Limited v. Aerosol Fillers Inc.*, 1980 CanLII 2739, 53 C.P.R. (2d) 62 at para. 10 (F.C.A.). The watchword is "use it or lose it": *Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22, [2006] 1 S.C.R. 772 at para. 5.

[26] The burden of proof on the owner of a trademark subject to section 45 proceedings is not a heavy one, and such proceedings are summary and administrative in nature: *Sport Maska Inc. v. Bauer Hockey Corp.*, 2016 FCA 44, [2016] 4 F.C.R. 3 at para. 55. It is not intended that there should be any trial of a contested issue of fact, but simply an opportunity for the registered owner to show, if it can, that its mark is in use or if not, why not: *Berg Equipment Co. (Canada) Ltd. v. Meredith & Finlayson*, 1991 CanLII 14352, 40 C.P.R. (3d) 409 at 412 (F.C.A.).

[27] The usual penalty for non-use in section 45 proceedings is expungement (*Scott Paper* at paras. 21-22, *Harris Knitting* at para. 10), and there is a threshold to meet before the exception for special circumstances applies. Special circumstances must be unusual, uncommon or exceptional: see Federal Court's Decision at para. 37, citing *John Labatt Ltd. v. The Cotton Club Bottling Co.*, 1976 CanLII 2645, 25 C.P.R. (2d) 115 at 123 (F.C.T.D.) (*John Labatt*).

[28] The issue of discretion is not entirely clear. Subsection 45(3) of the Act provides that a trademark registration is liable to be expunged or amended where there is non-use that is not excused by special circumstances. The use of the word "liable" instead of a more mandatory word like "shall" or "must" may suggest that expungement or amendment does not follow automatically from non-use that is not excused by special circumstances. On the other hand, this Court stated as follows in *Harris Knitting* at para. 10 (and again in *Scott Paper* at para. 21):

> [W]here it appears from the evidence furnished to the Registrar that the trade mark is not in use, the Registrar must order that the registration of the mark be expunged unless the evidence shows that the absence of use has been "due to special circumstances that excuse such absence of use". (emphasis added)

[29] The use of the word "must" from this Court suggests that there is no discretion in the case of non-use of the trademark unless such non-use is excused by special circumstances. In my view, however, nothing in this case turns on the question of discretion.

B. *Is the New Owner Jurisprudence Valid?*

[30] As indicated at paragraph 10 above, the principle behind the New Owner Jurisprudence is that the recent acquisition of a trademark may give rise to special circumstances contemplated in subsection 45(3) of the Act such that, in responding to a notice pursuant to subsection 45(1) in respect of the registration of the trademark, the new owner is not required to account for a period of non-use pre-dating the acquisition. In such circumstances, the task of the new owner of a registered trademark in section 45 proceedings is to establish special circumstances for non-use in the limited period from the date of acquisition to the date of the notice.

[31] This principle has been applied several times by the Federal Court, beginning in 1993 with *Arrowhead*. It has also been applied by that court in (i) *Cassels Brock & Blackwell LLP v. Registrar of Trademarks*, 2004 FC 753, 35 C.P.R. (4th) 35 (*Cassels Brock*), (ii) *Fairweather FC*, *(iii) Comité Interprofessionnel du Vin de Champagne v. Coors Brewing Comp*any, 2024 FC 169, [2024] F.C.J. No. 326 (*Coors Brewing*), and (iv) the Federal Court's Decision at issue in the present appeal. In *Cassels Brock* and *Fairweather FC*, the existence of the principle underlying the New Owner Jurisprudence was acknowledged and applied with little comment and appears not to have been in dispute between the parties. A more substantial discussion of the principle was provided in *Coors Brewing* and in the Federal Court's Decision at issue here. It should also be noted that *Coors Brewing* has been appealed to this Court, and the appeal was heard on May 13, 2025. A decision thereon is pending.

[32] Interestingly, despite the passage of over 30 years since the principle underlying the New Owner Jurisprudence was first applied, this Court has never explicitly confirmed its validity, though it has accepted it without substantive comment on two occasions.

[33] First, in an appeal to this Court from *Fairweather FC* (*Bereskin & Parr v. Fairweather Ltd*,, 2007 FCA 376, 62 C.P.R. (4th) 266 (*Fairweather FCA*)), this Court noted at paragraph 6 that the issue of special circumstances excusing non-use of the trademark in question had been considered after the date of assignment of the trademark to the new owner. At paragraph 7, this Court noted that the expression of legal principles was not in dispute.

[34] Second, in *Scott Paper*, this Court noted at paragraph 7 that special circumstances had been considered as of the date of acquisition by the registered owner, and that this approach was not challenged.

[35] In the absence of explicit approval by this Court of the New Owner Jurisprudence, Stikeman disputes its validity. However, this Court's implicit approval of the New Owner Jurisprudence in *Fairweather FCA* and *Scott Paper* makes Stikeman's argument more challenging.

[36] Even though the Federal Court's decisions in *Coors Brewing* and in the present case were issued in quick succession, neither refers to the other.

[37] The Federal Court's Decision in the present case was issued on February 8, 2024, and the way it addressed the New Owner Jurisprudence is discussed in paragraphs 10 to 15 above. In short, the Federal Court accepted the validity of the New Owner Jurisprudence to establish special circumstances but found that it did not apply in this case because the Transaction by which Centric acquired the Mark did not close until after the issuance of the Notice.

[38] *Coors Brewing* was issued on February 28, 2024. It dismissed an appeal from a decision of the Registrar of Trademarks that applied the New Owner Jurisprudence to establish special circumstances to avoid expungement of the trademark registrations in issue under section 45 of the Act. The respondent acquired the trademarks six months prior to the notice under section 45. The Federal Court found that the Registrar did not err in applying the New Owner Jurisprudence.

It concluded that the Registrar was entitled to consider the respondent's recent acquisition of the trademarks. At paragraph 52 of *Coors Brewing*, the Federal Court noted that the determination of the appropriate date for assessing the period of non-use in section 45 proceedings is a question of mixed fact and law. It also noted that a recent acquisition of the relevant trademarks could be relevant to, but is not necessarily determinative of, the issue of special circumstances under subsection 45(3). At paragraph 61 of *Coors Brewing*, the Federal Court cited decisions from the Trademarks Opposition Board to support the statement that the date of assignment or acquisition of a trademark is generally used as a starting point in assessing non-use.

[39] Stikeman argues that the New Owner Jurisprudence is inconsistent with section 45 of the Act in that it permits a new owner to avoid the requirement to address non-use of the trademark in question during the period prior to its acquisition. Stikeman cites the requirement in subsection 45(1) that, failing evidence of use of the relevant trademark during the relevant period, the owner provide evidence of "the date when it was last so in use and the reason for the absence of such use since that date." Stikeman argues that it follows from this wording that special circumstances excusing the absence of use must cover the period from the date of last use. It submits that the approach of the New Owner Jurisprudence provides the acquirer a reset button to maintain a trademark registration that would otherwise be considered deadwood.

[40] I disagree. In my view, there is nothing in the text, the context or the purpose of section 45 that excludes the possibility that a recent arms' length acquisition of a trademark may constitute special circumstances such that the acquirer could be relieved of the obligation to provide evidence of use, or justify a period of non-use, prior to the acquisition. It may be relevant

to consider that the acquisition of the trademark may itself indicate that it is not deadwood. Acquisition of a trademark is not "use", but I see no compelling reason that it could not form part of the story that may be considered in determining whether there are special circumstances that excuse the absence of use. Subsection 45(1) provides the requirements for a trademark owner's response but it is subsection 45(3) that provides for expungement in the case of non-use that is not excused by special circumstances.

[41] Stikeman also argues that *Arrowhead*, which is the origin of the New Owner Jurisprudence, merely accepted that the date of acquisition of a trademark "could be used as a reference for the minimum length of non-use when assessing the length of non-use" but did not state that "new owners need only justify non-use since the date of acquisition" (see paragraph 55 of the respondent's memorandum of fact and law). In my view, that argument would be stronger if *Arrowhead* were the only basis for limiting the relevant period for assessing special circumstances. I do not accept that the New Owner Jurisprudence is based entirely on a misinterpretation of *Arrowhead*. It permits the setting of a date during the relevant period contemplated in section 45 of the Act prior to which a trademark owner is not required to justify non-use; special circumstances prior to that date may excuse the owner's non-use because it was not the owner at the time. As discussed above, this Court has set out factors to consider in determining whether special circumstances exist that excuse non-use. In my view, the New Owner Jurisprudence is not inconsistent with those factors.

[42] Stikeman also takes issue with the New Owner Jurisprudence inasmuch as it is based on avoiding an overly technical approach in section 45 proceedings. Stikeman submits that cases

directing the avoidance of an overly technical approach were not in the context of assessing special circumstances, and that the bar should not be so low in that context. In my view, the reasons that an overly technical approach in section 45 proceedings should be avoided apply in the context of assessing special circumstances as much as in any other aspect of section 45. As stated at paragraph 26 above, the burden on the trademark owner is not heavy, and section 45 proceedings are intended to be summary and administrative in nature. I see no reason to treat this guidance any differently when assessing the existence of special circumstances.

[43] The text of subsection 45(3) of the Act is reproduced at paragraph 8 above. It contemplates the expungement or amendment of a trademark registration where it appears that the trademark "was not used in Canada at any time during the three year period immediately preceding the date of the notice and that the absence of use has not been due to special circumstances that excuse the absence of use". Clearly, special circumstances may excuse non-use of a trademark in order to avoid expungement under section 45. What constitutes special circumstances is not further defined in subsection 45(3) or elsewhere in the Act. A finding concerning special circumstances is a question of mixed fact and law, which will attract deference on appeal except in the case of an extricable error of law. As noted at paragraph 38 above, a recent acquisition of a trademark will not automatically result in the application of the New Owner Jurisprudence to relieve the acquirer of the obligation to excuse a period of non-use.

[44] I am not convinced that the Federal Court erred in law in accepting the validity of the New Owner Jurisprudence. Whether the Federal Court erred in concluding that the circumstances in the present case did not meet the requirements of the New Owner Jurisprudence

because the Transaction that assigned the Mark did not close until after the date of issuance of the Notice is addressed in the next section.

C. *Can the New Owner Jurisprudence Apply Prior to the Closing of a Transaction Involving the Trademark in Issue?*

[45] The Federal Court refused to apply the New Owner Jurisprudence because, though the Agreement to acquire the Mark had been signed prior to the issuance of the Notice, that acquisition did not close until after the Notice was issued. This issue is addressed at paragraphs 63 to 80 of the Federal Court's Decision. In response to Centric's argument that it became the presumptive or *de facto* owner of the Mark upon signing the Agreement, the Federal Court concluded that any putative interest Centric had upon signing did not assist it in excusing the absence of use because it was not the registered owner or a licensee of the Mark during the relevant period (see paragraph 83 of the Federal Court's Decision).

[46] The Federal Court acknowledged that the Agreement was entered into in good faith, and therefore the skepticism about transactions post-dating issuance of the Notice (as referred to in *Marcus FCA* at paragraph 50 and discussed at paragraphs 11 and 13 above) did not apply: see paragraph 63 of the Federal Court's Decision). However, the Federal Court felt compelled by the wording of subsection 45(3) and the New Owner Jurisprudence to focus on the date of acquisition, *i.e.*, when the Transaction closed.

[47] The Federal Court explained the legitimate concerns with taking into account any events that post-dated the Notice, but its explanation as to why the Agreement was insufficient to

constitute acquisition of the Mark for the purposes of the New Owner Jurisprudence was thin. At paragraph 78 of its reasons, the Federal Court noted that Centric was aware of the Notice when it closed the Transaction. The Federal Court's reasoning seems to have been that the Agreement was insufficient because Centric could have decided not to complete the Transaction or could have negotiated better terms in view of the Notice.

[48] While this reasoning seems unimpeachable from a factual standpoint, it is not clear to me how it leads to the legal conclusion that the New Owner Jurisprudence could only apply to an acquisition of a trademark that closed prior to the issuance of the section 45 notice, regardless of the fact that the acquisition was subject to a prior agreement.

[49] Based on *Scott Paper* at paragraph 22, special circumstances excusing non-use of a trademark as contemplated in subsection 45(3) of the Act are (i) circumstances not found in most cases of absence of use of the trademark, and (ii) circumstances to which the absence of use is due. *John Labatt* adds that special circumstances must be unusual, uncommon or exceptional. Let us recall that section 45 proceedings are summary and administrative in nature. They are intended to remove deadwood from the trademarks register.

[50] The Federal Court concluded at paragraph 77 of its reasons that the result of its analysis was not unduly harsh or technical. It seems to have reached this conclusion based on a conclusion that the result was not "unjust". Opinions may differ about whether the result reached by the Federal Court was unjust, but it does seem to me to be unduly harsh and technical to decide the question of special circumstances in this summary proceeding on the chance issue of

the date the parties chose to close a transaction that had been arranged months before. While it may be true that a party can still back out of or modify a transaction prior to the closing date, this fact seems unconnected to the key issue of whether the trademark in issue should be considered deadwood.

[51] Moreover, I am concerned that the stricter reading of the New Owner Jurisprudence as applied in the Federal Court's Decision could invite mischief. Agreements of the kind at issue in the present case may well result from an understanding between the owner of one or more trademarks and a potential acquirer that the latter may be better able to put them to use than the former. Such agreements are typically published around the time of signing and well prior to closing. One message to the public of such an agreement is that the acquirer may have plans for the trademarks assigned therein and does not consider them to be deadwood. The delay between the date of the agreement and the closing date is sometimes substantial. Under the Federal Court's narrow interpretation of the New Owner Jurisprudence, a third party could take advantage of the delay in closing by reviewing the list of acquired trademarks and requesting section 45 notices in respect of some of them prior to the closing in an effort to have their unused status cemented. Encouragement of that sort of effort would be inconsistent with the intent of section 45.

[52] For these reasons, it is my view that the Federal Court erred in law in refusing to apply the New Owner Jurisprudence on the basis that the acquisition of the Mark had not yet closed at the time of issuance of the Notice. Therefore, the Federal Court's Decision should be set aside.

D. *Remedy and Application of the Law in this Case*

[53] Having concluded that the Federal Court erred in refusing to apply the New Owner Jurisprudence, this Court must determine whether it should decide the question of whether special circumstances existed that excuse non-use of the Mark or remit that question to the Federal Court. This determination should be made based on the factors discussed at paragraph 60 of *Sandhu Singh Hamdard Trust v. Navsun Holdings Ltd.*, 2019 FCA 295, 169 C.P.R. (4th) 325:

> The factors relevant in determining whether to decide rather than remit include whether the case is factually voluminous and factually complex, whether the case involves documentary evidence or live evidence and assessments of credibility, whether the result is uncertain and factually suffused, whether the parties have made specific submissions on the issues that remain to be decided, and whether the further delay associated with remitting the matter would be contrary to the interests of justice: *Pfizer Canada Inc. v. Teva Canada Limited*, 2016 FCA 161 at para. 157, 400 D.L.R. (4th) 723, leave to appeal refused, [2017] 1 S.C.R. xviii; *Canada v. Piot*, 2019 FCA 53 at paras. 113-115, 124-128; *Wells v. Newfoundland*, 1999 CanLII 657 (SCC), [1999] 3 S.C.R. 199 at paras. 67-68, 177 D.L.R. (4th) 73.

[54] Neither party has urged this Court to remit this matter to the Federal Court. Sometimes a correction to the law, such as the one set out above, requires the matter to be sent back to the Federal Court and the evidentiary record reopened, but the record here was developed with the change in contemplation, and so the evidentiary record does not need to be reopened in this case: *Pfizer Canada Inc. v. Teva Canada Limited*, 2016 FCA 161, [2016] F.C.J. No. 579. Also, the discussion of the evidence in the Federal Court's Decision is sufficiently detailed to assist me to form an opinion on the application of the New Owner Jurisprudence, and whether special circumstances excuse non-use of the Mark in this case. I would decide those questions. Absent

the above considerations, this Court can make the judgment the Federal Court should have made and in doing so can examine the evidentiary record and make its own findings on it: *Federal Courts Act*, R.S.C., 1985, c. F-7, s. 52(b)(i).

[55] The Federal Court stated at paragraph 40 of its reasons that, "where there has been a recent assignment of a trademark, the period of non-use for purposes of determining special circumstances will generally be considered starting from the date the trademark was assigned" (emphasis added). Putting aside the question of whether an agreement that has not yet closed constitutes an assignment, I agree with the Federal Court that this principle should apply unless there are reasons that it should not.

[56] Essentially, there are two questions to answer on this issue. The first is whether the relevant period for the purposes of assessing special circumstances pursuant to subsection 45(3) of the Act should begin at the date of signing the Agreement to acquire the Mark (June 27, 2018) or three years prior to the Notice (October 12, 2015). This depends on whether the New Owner Jurisprudence applies in this case. Once the relevant period has been determined, the second question is whether special circumstances exist that excuse the absence of use during that period.

[57] Stikeman argues that Centric's decision to enter into a two-step acquisition of the Mark should not be considered special circumstances (see paragraph 73 of the respondent's memorandum of fact and law). However, that argument is off the mark. The acquisition process is mainly relevant to the first question of when the relevant period during which special circumstances are assessed commenced. The acquisition process is less pertinent to the second

question of whether special circumstances existed during the relevant period, except to the extent that it supports an explanation for any non-use of the Mark during that time. Moreover, there is nothing unusual in Centric's choice to acquire the Mark in a two-step process. As discussed above, this is how major acquisitions are typically done.

[58] Stikeman cites clauses in the Agreement that permit Centric to access documents about the Mark in the hands of the former owner. Stikeman argues that, because Centric had access to documents from prior to the Agreement, the New Owner Jurisprudence should not apply and the relevant period for considering special circumstances should not be limited. While I agree that availability of documents could be relevant in some cases to the application of the New Owner Jurisprudence, I conclude that this is not such a case. In my view, the evidence indicates that Centric did not have ready access to the types of documents and information that would be needed to fully describe efforts to use the Mark while it was in the hands of the previous owner: see paragraph 32 of the affidavit of Mia Dell'Osso-Caputo dated August 24, 2023 and the transcript of cross-examination of Mia Dell'Osso-Caputo at page 31, line 5 to page 33, line 12 and page 52, line 1 to page 53, line 15. The Federal Court's Decision does not put this view into doubt. Accordingly, Centric was not in as good a position as the previous owner to explain non-use of the Mark during the period prior to the signing of the Agreement. This is good justification to apply the New Owner Jurisprudence in this case and assess special circumstances from the date of signing the Agreement.

[59] Stikeman notes that Centric was not a party to the Agreement. Instead, the Purchaser defined therein was another company, apparently an affiliate of Centric. In my view, the precise

identity of, and the corporate structure selected by, the acquirer of the Mark is unimportant. The key fact remains that an arms' length third-party agreed in good faith to acquire the Mark on or about June 27, 2018 and the Transaction contemplated by the Agreement was later concluded.

[60] I see no reason that the New Owner Jurisprudence should not apply in this case to limit the relevant period for considering special circumstances to the 3½ months from the date of the Agreement to the date of the Notice. Another way of looking at this issue is that special circumstances prior to the date of the Agreement are established by the assignment of the Mark and Centric's limited access to documents and information concerning efforts to use the Mark before the Agreement.

[61] I turn now to the question of whether special circumstances existed that excuse the absence of use during the 3½-month relevant period. As indicated as paragraph 22 above, an intention to resume use of a trademark cannot amount to special circumstances excusing non-use. As indicated at paragraph 49 above, the special circumstances must be circumstances not found in most cases of absence of use and must be the reason for the absence of use.

[62] In this case, I am convinced that the recent acquisition of the Mark, together with the short time until the end of the relevant period, constitute special circumstances excusing the absence of use. An acquisition is not found in most cases of absence of use. Moreover, I am convinced that the shortness of the time from the date of the Agreement to the Notice (3½ months) is the reason for the absence of use by Centric. The evidence of Centric's activities after

the Transaction closed suggests that there would have been use of the Mark if that period had not been so short.

[63] Stikeman argues that Centric provided no evidence prior to the Notice of clear and concrete steps to commence use of the Mark. I disagree that this is a reason not to find special circumstances. In my view, the acquisition itself of the Mark as part of the Transaction suggests that it was not deadwood; it suggests an intention to commence use of the Mark. Centric also notes that it was not permitted to use the Mark until the close of the Transaction, which occurred after the end of the relevant period. This explains the absence of use by Centric during this period. In my view, the evidence as of the date of the Notice (October 12, 2018) suggests that Centric had agreed to acquire the Mark in order to put it into use. Evidence of Centric's development of plans to use the Mark thereafter confirms this view.

[64] Stikeman notes that, even after the relevant period, the evidence shows use of the Mark only in relation to certain goods identified in the registration of the Mark. The suggestion seems to be that the registration of the Mark should not be maintained for any goods in respect of which there is no evidence of eventual use. However, as discussed above, activities after the end of the relevant period (after issuance of the Notice) are not relevant in proceedings under section 45 of the Act. The key is the state of things during the relevant period, and there is no reason to treat any of the goods associated with the registration of the Mark differently during that period.

VI. Conclusion

[65] I would allow the appeal. I would set aside the Federal Court's Decision and allow Centric's appeal of the Registrar's Decision. I would set aside the expungement of the registration of the Mark. I would award Centric its costs before this Court and before the Federal Court.

"George R. Locke"
J.A.

"I agree.
David Stratas J.A."

"I agree.
Anne L. Mactavish J.A. "

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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